



The Public Service Commission State of South Carolina

Bruce F. Duke
Executive Director
Phone: (803) 896-5100
Fax: (803) 896-5246

June 10, 2004

The Honorable Bruce F. Duke
Executive Director
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Docket No. 2004-110-C – Farmers Telephone Cooperative, Inc.

Dear Mr. Duke:

Enclosed are the original and ten (10) copies of the Commission Staff's Motion for a Paper Hearing in regards to the above-referenced docket. A copy of this Motion is being served on all Parties of Record by United States Mail.

If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

F. David Butler
General Counsel

FDB:dd

Enclosure:

cc: All Parties of Record

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Legal Department
F. David Butler, General Counsel
Phone: (803) 896-5113
Fax: (803) 896-5231

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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-110-C

IN RE: Application of Farmers Telephone Cooperative, Inc. for Approval to Increase Depreciation of a Portion of its EWSD Central Office Switches.) STAFF MOTION FOR A
) PAPER HEARING
)

The Staff of the Public Service Commission of South Carolina (the Staff)(the Commission) hereby moves the Commission for a paper hearing in this Docket, based on the following grounds:

1. On or about April 8, 2004, Farmers Telephone Cooperative, Inc (FTC) filed a letter requesting the Commission's approval to increase depreciation of a portion of its EWSD Central Office Switches.
2. Although FTC is requesting an increased rate of 25% on a net plant investment of \$8,057,285, if approved by the Commission, the increased depreciation rate will not cause an increase in subscriber rates now, or in the future, according to FTC.
3. Two parties have intervened in the proceeding, i.e. the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and the South Carolina Cable Television Association (SCCTA).
4. The Consumer Advocate has stated in his Petition to Intervene that he had concerns regarding the effect of the request on the Company's cost per subscriber line for purposes of the state Universal Service Fund.

5. SCCTA has also intervened, and states in its Petition that its members provide competitive local exchange services in South Carolina and also high-speed digital broadband services in competition with FTC. SCCTA states no real concerns with the FTC request in its Petition to Intervene, but points out only that the Commission should not permit FTC to subsidize its competitive services from its non-competitive services, nor should the Commission permit the Company to subsidize its competitive services through the Universal Service Fund.

6. With regard to Universal Service Fund issues, FTC witness Jeffrey L. Lawrimore has stated in prefiled testimony in this Docket that FTC's request has no effect on the state Universal Service Fund.

7. The Staff would further note that cross-subsidization of competitive services by non-competitive services is outside the scope of this proceeding.

8. The testimony of FTC witness Lawrimore provides information related to the depreciation rate for a portion of its EWSD Central Office Switches in support of the request by FTC for approval by the Commission of a rate of 25% for its net plant investment. Lawrimore goes on to give a full explanation of FTC's request.

9. Such a matter as this is normally taken up for review at a Commission meeting with no oral hearing, since no rate increase results to the members of the consuming public. However, it is Staff's view that, since two parties have intervened in this case, the two parties have a right to be heard in some manner in the case.

10. The Commission Staff moves that the Commission conduct a "paper" hearing in this matter. In other words, since the Company has prefiled written testimony in the case, the other parties should also be allowed to prefile written testimony in it.

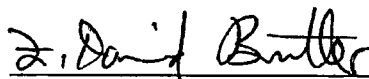
11. Further, all parties should be given the opportunity to file any briefs and/or proposed orders in the case that they wish to file.

12. Under the Staff's proposal, the Commission could then consider all of the written materials in making its decision, without an oral hearing. Such a procedure has the advantage of being less expensive than a full-fledged oral hearing, in a situation where the matter to be considered is routine. Further, the parties and the Commission would have a full opportunity to review the matter in a future rate case, if appropriate. Other matters could be taken up in separate proceedings, if warranted.

13. Accordingly, the Staff of the Public Service Commission of South Carolina moves this Commission for a "paper" hearing in the present proceeding.

IT IS SO MOVED.

Respectfully submitted,



F. David Butler
General Counsel

Columbia, South Carolina
June 10, 2004



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JUNE 10, 2004

IN RE: DOCKET NO. 2004-110-C – Application of Farmers Telephone Cooperative for Approval
To Increase Depreciation of a Portion of its EWSD Central Office Switches

A COPY OF THE STAFF MOTION FOR A PAPER HEARING WAS SENT FIRST-CLASS
POSTAGE AFFIXED TO THE FOLLOWING:

John L. McDaniel
Chief Executive Officer
Farmers Telephone Cooperative, Inc.
Post Office Box 588
Kingstree, SC 29556

Elliott F. Elam, Jr.
SC Dept. of Consumer Affairs
P.O. Box 5757
Columbia, SC 29250-5757

Frank Ellerbe, III, Esquire
Robinson, McFadden & Moore
Post Office Box 944
Columbia, SC 29202

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